

THIS ORDER IS A
PRECEDENT OF THE
TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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Date: December 21, 2018

Cancellation No. 92067378

Lewis Silkin LLP

v.

Firebrand LLC

By the Trademark Trial and Appeal Board

This case comes up on Respondent's contested motion to dismiss the petition to cancel for failure to state a legally sufficient claim of abandonment.

RELEVANT FACTS

Petitioner seeks to cancel Registration No. 1835414, claiming that the registration issued May 10, 1994 for the mark FIREBRAND for a "newsletter dealing with brand and product development" and "business consultation services"; that Respondent alleged use of the mark FIREBRAND in commerce for the newsletter and consultation services as the basis for its registration; and that the registered mark has been abandoned pursuant to Trademark Act Section 14(3). The petition specifically pleads:

On information and belief, Respondent is not using Respondent's Mark on or in connection with Respondent's Goods and Services with no intent to resume such use.

MOTION TO DISMISS

A motion to dismiss for failure to state a claim under Fed. R. Civ. P. 12(b)(6) concerns only one issue: the legal sufficiency of the pleaded claims. *See Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998) (“[Defendant’s] arguments appear to confuse the sufficient pleading of a claim with the obligation of proving that claim.”). In order to withstand a motion to dismiss, Petitioner need only allege such facts which, if proved, would establish that Petitioner is entitled to the relief sought; that is: (1) Petitioner has standing to bring the proceeding; and (2) a valid statutory ground exists for cancelling the registration.¹ *McDermott v. San Francisco Women’s Motorcycle Contingent*, 81 USPQ2d 1212, 1212 (TTAB 2006), *aff’d unpub’d*, 240 Fed. Appx. 865 (Fed. Cir. July 11, 2007), *cert. denied*, 552 U.S. 1109 (2008); *Young v. AGB Corp.*, 47 USPQ2d at 1753.

Under the simplified notice pleading rules of the Federal Rules of Civil Procedure, the petition to cancel must contain “a short and plain statement of the claim showing that the pleader is entitled to relief” and must be “construed so as to do justice.” Fed. R. Civ. P. 8(a)(2) and (e); *Scotch Whisky Ass’n v. U.S. Distilled Prods. Co.*, 952 F.2d 1317, 21 USPQ2d 1145, 1147 (Fed. Cir. 1991); *Corporacion Habanos SA v. Rodriguez*, 99 USPQ2d 1873, 1874 (TTAB 2011). The federal standard of notice pleading, followed by the Board, includes the requirement that the complaint “state a claim to

¹ While Petitioner’s standing has not been challenged, Petitioner pleads ownership of an application which was refused registration based on Respondent’s involved registration. This is a sufficient pleading of Petitioner’s standing to seek cancellation of the registration. *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1061 (Fed. Cir. 2014).

relief that is plausible on its face.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)) (“the *Iqbal/Twombly* standard”). This plausibility standard is met when “the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id. Accord Disc Disease Sols. Inc. v. VGH Sols., Inc.*, 888 F.3d 1256, 126 USPQ2d 1494, 1497 (Fed. Cir. 2018).

The gist of Respondent’s argument for dismissal is that Petitioner’s abandonment claim does not meet the *Iqbal/Twombly* standard for pleadings. When applying the *Iqbal/Twombly* standard, the reviewing court or tribunal must bear in mind the Supreme Court’s stricture: “Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice.” *Ashcroft v. Iqbal*, 556 U.S. at 678. However, this much-quoted reference to “threadbare” recitals does not establish a per se pleading standard. “Determining whether a complaint states a plausible claim for relief will ... be a context-specific task that requires the reviewing court to draw on its judicial experience and common sense.” *Ashcroft v. Iqbal*, 556 U.S. at 679. That is, while the *Iqbal/Twombly* standard applies to all civil complaints, the Supreme Court makes clear that there is flexibility in application of the standard.

While the Board’s primary reviewing court has not applied the *Iqbal/Twombly* standard to an abandonment claim under the Trademark Act, its application of the standard to pleadings of patent infringement is instructive.² The Federal Circuit

² The post *Iqbal/Twombly* abandonment cases under Trademark Act 45(1), 15 U.S.C. § 1127(1), considered by the Federal Circuit court have addressed the sufficiency of the evidence of abandonment, and not the whether the abandonment claim was properly pleaded. *Lens.com Inc. v. 1-800 Contacts Inc.*, 686 F.3d 1376, 103 USPQ2d 1672 (Fed. Cir. 2012) and

reversed a district court finding that the plaintiff had not pleaded “any facts from which intent [to infringe] could be inferred in this case” but only “only made conclusory allegations.” *Lifetime Indus., Inc. v. Trim-Lok, Inc.*, 869 F.3d 1372, 124 USPQ2d 1061, 1064 (Fed. Cir. 2017). The court found that the defendant’s “complaints concerning lack of detail ask for too much. There is no requirement for [the plaintiff] to ‘prove its case at the pleading stage.’” *Id.* at 1066 (citations omitted). In another instance, the Federal Circuit reversed a district court finding that the patent infringement complaint, accompanied by the asserted patents and photos of the product packaging, failed to explain how defendant’s product’s infringed Plaintiff’s patent claims, but merely alleged that certain of Defendants’ products “meet each and every element of at least one claim’ of Plaintiff’s patents.” *Disc Disease Sols. Inc. v. VGH Sols., Inc.*, 126 USPQ2d at 1497. The court found the allegations in combination with disclosures met the plausibility standard of *Iqbal/Twombly* and were “enough to provide VGH Solutions fair notice of infringement of the asserted patents.” *Id.*³

Finally, as discussed below, the Board has applied the *Iqbal/Twombly* standard to consider the legal sufficiency of an abandonment claim in three cases, without

Crash Dummy Movie, LLC v. Mattel, Inc., 601 F.3d 1387, 94 USPQ2d 1315, 1317 (Fed. Cir. 2010).

³ *Accord ABB Turbo Sys. AG v. TurboUSA, Inc.*, 774 F.3d 979, 113 USPQ2d 1248, 1254 (Fed. Cir. 2014) (there is a “particular need to apply the plausibility standard with a recognition that direct evidence of some facts—such as guilty knowledge, in some cases—may be distinctively in the defendant’s possession ...”); *Nalco Co. v. Chem-Mod LLC*, 883 F.3d 1337, 125 USPQ2d 1832, 1841 (Fed. Cir. 2018) (*quoting In re Bill of Lading Transmission & Processing Sys. Patent Litig.*, 681 F.3d 1323, 103 USPQ2d 1045, 1053 (Fed. Cir. 2012)) (“the Federal Rules of Civil Procedure do not require a plaintiff to plead facts establishing that each element of an asserted claim is met.”).

finding that the *Iqbal/Twombly* standard required more than the traditional pleading of nonuse plus intent not to resume.⁴ See *Dragon Bleu (SARL) v. VENM, LLC*, 112 USPQ2d 1925, 1931 (TTAB 2014); *SaddleSprings Inc. v. Mad Croc Brands Inc.*, 104 USPQ2d 1948, 1950 (TTAB 2012); and *Johnson & Johnson v. Obschestvo s Ogranitchennoy*, 104 USPQ2d 2037 (TTAB 2012) (*Johnson & Johnson*).

ABANDONMENT UNDER THE TRADEMARK ACT

Because the Trademark Act establishes a use-based federal registration scheme, understanding how to plead abandonment as a ground for cancellation of a registration requires an understanding of use in commerce as a prerequisite to obtaining the registration. See *Christian Faith Fellowship Church v. adidas AG*, 120 USPQ2d 1640, 1645 (Fed. Cir. 2016) quoting *United States v. Lopez*, 514 U.S. 549,

⁴ The Board disagrees with Respondent's argument that the Board's post-*Iqbal* final decision in *Toufigh v. Persona Parfum Inc.*, 95 USPQ2d 1872 (TTAB 2010), in which the Board found the evidence submitted to prove an abandonment claim insufficient, imposes requirements for what is sufficient to plead an abandonment claim. In fact, cases discussing proof of abandonment only are relevant here to the extent, if any, they describe how to plead an abandonment claim. The Board's post-*Iqbal* final decisions addressing abandonment do not discuss the *Iqbal/Twombly* standard, but either employ the traditional language to describe the abandonment claim or cite the statutory definition. See *Exec. Coach Builders, Inc. v. SPV Coach Co., Inc.*, 123 USPQ2d 1175, 1180 (TTAB 2017) ("There are two elements to a nonuse abandonment claim: nonuse of the mark and intent not to resume use."); *Noble House Home Furnishings, LLC v. Floorco Enters., LLC*, 118 USPQ2d 1413, 1417 (TTAB 2016) ("There are two elements to an abandonment claim: non-use of the mark and intent not to resume use."); *Toufigh v. Persona Parfum Inc.*, 95 USPQ2d at 1875 ("There are two elements to an abandonment claim: non-use and an intent not to resume use."); *ShutEmDown Sports Inc. v. Lacy*, 102 USPQ2d 1036, 1042 (TTAB 2012) ("There are two elements to an abandonment claim that a plaintiff must prove: nonuse of the mark and intent not to resume use.").

See also, for post-*Iqbal* final decisions on abandonment which cite the statutory language: *Kemi Organics, LLC v. Gupta*, 126 USPQ2d 1601, 1605 (TTAB 2018); *Yazhong Investing Ltd. v. Multi-Media Tech. Ventures, Ltd.*, 126 USPQ2d 1526, 1532 (TTAB 2018); *Harry Winston, Inc. v. Bruce Winston Gem Corp.*, 111 USPQ2d 1419, 1429 (TTAB 2014); *City National Bank v. OPGI Management GP Inc./GestionOPGI Inc.*, 106 USPQ2d 1676, 1678 (TTAB 2013); and *General Motors Corp. v. Aristide & Co., Antiquaire de Marques*, 87 USPQ2d 1179, 1182 (TTAB 2008).

561 (1995) (“[T]he ‘use in commerce’ pre-registration requirement is an ‘essential part’ of the Act.”). Under the version of the Trademark Act in effect prior to 1989, the preregistration use requirement “led to the practice of some applicants engineering a ‘token use,’ which refers to the most minimal use of a trademark, designed purely to secure rights in that mark before an applicant is truly prepared to commercialize a good or service in connection with a given mark.” *M.Z. Berger & Co. v. Swatch AG*, 114 USPQ2d 1892, 1896 (Fed. Cir. 2015). To address the token use problem, the Trademark Law Revision Act of 1988 (TLRA) heightened the burden for use applications by requiring that an applicant’s use be “bona fide use of [the] mark in the ordinary course of trade.” *Id. quoting* 15 U.S.C. § 1127.

What is “bona fide use of the mark in the ordinary course of trade” (or use in commerce) may vary over time as markets and businesses change. The Board has reviewed the legislative history of the TLRA and found that the stricter standard for use in commerce contemplates “commercial use of the type common to the particular industry in question.” *Paramount Pictures Corp. v. White*, 31 USPQ2d 1768, 1774 (TTAB 1994) *aff’d without published opinion*, *White v. Paramount Pictures Corp.*, 108 F.3d 1392 (Fed. Cir. 1997). The Board noted the legislative discussion declining to limit what constitutes use in commerce: “The committee intends that the revised definition of ‘use in commerce’ be interpreted to mean commercial use which is typical in a particular industry. Additionally, the definition should be interpreted with flexibility so as to encompass various genuine, but less traditional, trademark uses, such as those made in test markets, infrequent sales of large or expensive items, or

ongoing shipments of a new drug to clinical investigators by a company awaiting FDA approval, and to preserve ownership rights in a mark if, absent an intent to abandon, use of a mark is interrupted due to special circumstances.” *Id.* at n.8, *quoting* Senate Judiciary Committee Report on S. 1883, Senate Report No. 100-515 dated September 15, 1988. *See also M.Z. Berger & Co. v. Swatch AG*, 114 USPQ2d at 1898 (“Congress expressly rejected inclusion of a statutory definition for ‘bona fide’ in order to preserve ‘the flexibility which is vital to the proper operation of the trademark registration system.’”).

Turning to how to plead abandonment as a ground for cancellation, the statutory definition of “abandonment” reiterates the same language used in the statutory definition of “use in commerce.” Trademark Act Section 45(1)⁵ provides:

A mark shall be deemed to be “abandoned” ... [w]hen its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. “Use” of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

15 USC § 1127(1). Applying the statutory definition, an abandonment claim must plead nonuse, which is use that has been discontinued, plus “intent not to resume such use.” According to the statutory language and legislative history, “nonuse” of a mark for abandonment purposes means “no bona fide use of the mark made in the

⁵ Section 45(2) of the Trademark Act, 15 USC § 1127(2), provides that a mark is deemed to be abandoned when the course of conduct of the owner of the mark causes the mark to lose its significance as an indication of origin. The pleading requirements discussed in this order address only the more common abandonment claim based on nonuse of the mark plus intent not to resume use.

ordinary course of trade,” and this is to be interpreted with flexibility to encompass a variety of commercial uses.

An allegation of “no intent to resume use” is equivalent to the statutory language of “intent not to resume use” for an abandonment claim.⁶ *Cerveceria Centroamericana S.A. v. Cerveceria India Inc.*, 13 USPQ2d 1307, 1312 (Fed. Cir. 1989) (“a registrant may rebut a prima facie case either by disproving the underlying fact from which the presumption arises, i.e., two consecutive years of nonuse, or the presumed fact itself, i.e., no intent to resume use.”). *Accord Johnson & Johnson*, 104 USPQ2d at 2038 n. 2 (“a counterclaim to delete goods or services from the registration on the ground that registrant does not use the mark on those goods or services and has no intent to resume use, without regard to likelihood of confusion, is a straightforward abandonment claim”); *Western Worldwide Enterprises Group Inc. v. Qinqdao Brewery*, 17 USPQ2d 1137, 1138 (TTAB 1990) (abandonment was sufficiently pleaded with the allegation “China National abandoned all use of the mark with no intent to resume use of the mark”); *Syntex (U.S.A.) Inc. v. E.R. Squibb & Sons Inc.*, 14 USPQ2d 1879, 1880 (TTAB 1990) (sufficient abandonment counterclaim alleges plaintiff “discontinuing its use for more than two years with no intent to resume such use.”).

⁶ The Federal Circuit also found that the statutory language “intent not to resume” use is “appropriate for the usual situation in which a registered mark has been used at some time in this country.” *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390, 1394 (Fed. Cir. 1990) (*Imperial Tobacco*). The Federal Circuit held that the language “intent to begin use” or “intent to use” are an appropriate adaptation of the statutory language in the situation of a never-used mark registered on the basis of foreign rights. *Imperial Tobacco* at 1395. *Accord Rivard v. Linville*, 133 F.3d 1446, 45 USPQ2d 1374, 1376 (Fed. Cir. 1998) (“Where a registrant has never used the mark in the United States because the registration issued on the basis of a foreign counterpart registration, ... cancellation is proper if a lack of intent to commence use in the United States accompanies the nonuse.”)

The Federal Circuit has explained that a pleading of nonuse plus intent not to resume is sufficient to plead abandonment, and that the statutory reference to “prima facie evidence of abandonment” creates a presumption intended to facilitate proof of intent at trial:

At common law there was no similar presumption of abandonment of a mark simply from proof of nonuse. A challenger had to prove not only nonuse of the mark but also that the former user intended to abandon the mark. However, with respect to rights under the Lanham Act, proof of abandonment was facilitated by the creation of the above statutory presumption.

Imperial Tobacco Ltd. v. Philip Morris Inc., 899 F.2d 1575, 14 USPQ2d 1390, 1393 (Fed. Cir. 1990) (*Imperial Tobacco*). *Accord Vitaline Corp. v. Gen. Mills, Inc.*, 891 F.2d 273, 13 USPQ2d 1172, 1174 (Fed. Cir. 1989) (“abandonment requires both non-use and intent not to resume use of the mark”).

In its first application of the *Iqbal/Twombly* standard to an abandonment claim, the Board addressed the sufficiency of a counterclaim seeking partial cancellation of a pleaded registration on the ground of abandonment due to nonuse without an intent to resume use of the mark for some of the goods. *Johnson & Johnson*, 104 USPQ2d at 2039. The Board noted that the parties shared an incorrect belief that Trademark Act Section 18 is the only means to seek partial cancellation, and found that the pleading “sufficiently pleaded a ground for partial cancellation by alleging abandonment of the mark as to particular goods through nonuse with no intent to resume use.” *Id.*

In one of the two subsequent cases applying the *Iqbal/Twombly* standard to an abandonment claim, although the factual allegations were more detailed than those

here (or found sufficient in *Johnson & Johnson*), the Board did not cite a new pleading standard, or state that the more detailed factual allegations were central to the sufficiency of the claim. See *SaddleSprings Inc. v. Mad Croc Brands Inc.*, 104 USPQ2d at 1950 (“petitioner has alleged that respondent has either never used the registered mark in commerce or completely ceased using the mark in commerce, in connection with the goods identified in the registration, for at least a period of three consecutive years. ... The facts alleged by petitioner set forth a prima facie claim of abandonment.”). In the other case, the abandonment claim was found insufficient, but this was not related to the lack of detailed allegations, but the failure to plead the required intent not to resume use. *Dragon Bleu (SARL) v. VENM, LLC*, 112 USPQ2d at 1931 (“[B]ecause both of Opposer’s registrations were less than three years old when Applicant’s abandonment counterclaim was filed, the presumption of intent to abandon pursuant to Trademark Act Section 45 arising from nonuse for three consecutive years does not apply, and the counterclaim is insufficient absent an allegation of Opposer’s intent not to commence use of its registered marks”).⁷

Finally, Respondent cites one of the Board’s pre-*Iqbal* decisions to contend that Respondent has failed to “allege ultimate facts pertaining to the alleged abandonment.” *Otto Int’l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007) (*Otto*). In that case, the petition to cancel alleged “Upon information and belief, Registrant has abandoned use of Registration No. 2432890” and the Board held:

Here, petitioner has provided no facts to support its conclusory allegation of abandonment in paragraph no. 5 of the amended petition to cancel. The

⁷ The Board notes that, under the Federal Rules of Civil Procedure, “intent ... may be alleged generally” in pleadings other than those involving fraud or mistake. Fed. R. Civ. P. 9(b).

allegation that respondent has “abandoned use” makes no claim that respondent has failed to use its mark for a period greater than 3 years, nor does it make the claim that respondent has discontinued use of its mark with an intent not to resume use.

Id. As discussed below, this case differs from *Otto* because, in lieu of a “conclusory allegation of abandonment,” Petitioner has pleaded the required factual allegations that Respondent ceased use of the mark with no intent to resume its use.

DISCUSSION

The petition to cancel pleads that Respondent is not using the mark with its goods and services, and has no intent to resume use. The Board finds that no more is necessary for a legally sufficient abandonment claim in the context of the Board’s narrow jurisdiction limited to trademark registrability. Petitioner’s abandonment claim is not merely a formulaic recitation of the elements of the claim, because the allegations of nonuse plus intent work double duty. That is, the allegations of nonuse plus intent serve both to describe the claim and to describe the necessary facts to support the claim. The Board specifically rejects the argument that the factual allegations of nonuse plus intent must include additional allegations which demonstrate how Petitioner will prove the allegations of nonuse plus intent.

We see no purpose to such detailed pleading requirements for an abandonment claim, besides unnecessarily complicating the pleadings. As noted above, there is no list of activities which always show trademark use, and thus there is no list of activities whose cessation would always show trademark nonuse. Actual intent not to resume use (as opposed to the statutory period of nonuse which gives rise to the

presumption of intent not to resume use) does not exist in a vacuum, but also must relate to the use in commerce of the mark. The Board is reluctant to see pleadings devolve into wrangling over whether specific factual allegations offered to demonstrate nonuse and intent not to resume use are sufficient to support the abandonment claim. These matters addressing what activities constitute use in commerce under the Trademark Act are best, and traditionally, left to trial.

As shown by the cases cited throughout this order, the same pleading standard for abandonment claims has been in effect since the 1989 implementation of the TLRA. The Board perceives no threat of an increase in unwarranted abandonment claims. In the event that such an increase should take place, the Board has various options available to contain it: participation in the parties' mandatory discovery conference, imposition of sanctions, and issuance of precedential orders.

The Board does see an increase in the argument (also made by Respondent) contending that every pleading must demonstrate that the party undertook a reasonable inquiry or investigation before filing its pleading. The argument generally either cites no authority, or cites a jumble of the *Iqbal/Twombly* standard, the patent duty of disclosure, and/or Fed. R. Civ. P. 11 in support of this argument that the pleadings must demonstrate the results of the pre-filing investigation. The Board strongly disagrees that this is a requirement of the pleadings.

As discussed, under the federal rules followed by the Board, the pleadings must include "a short and plain statement of the claim showing that the pleader is entitled to relief" and must be "construed so as to do justice." Fed. R. Civ. P. 8(a)(2) and (e).

The *Iqbal/Twombly* standard does not require the pleadings to recount the results of the inquiry or investigation, and the patent duty to disclose is inapplicable to pleadings in Board cases. While a Fed. R. Civ. P. 11 motion for sanctions may be brought at any time that such a motion is warranted, it is a serious accusation of misconduct with specific procedural requirements, and should not be employed as a throwaway argument reflecting a party's belief that the adverse party will be unable to prove its claims (or defenses).⁸

Whether the plaintiff will be able to prove its trademark claims is a matter for trial or summary judgment after the pleadings have closed, and is irrelevant to assessment of the legal sufficiency of the complaint. *Guess? IP Holder LP v. Knowluxe LLC*, 116 USPQ2d 2018, 2019 (TTAB 2015).

DECISION

The petition to cancel is legally sufficient because Petitioner pleaded a basis for standing and abandonment. Respondent's motion to dismiss the petition to cancel is denied.

PROCEEDINGS ARE RESUMED

Respondent is ordered to file its answer to the petition to cancel within thirty days of the date of this order.

⁸ All submissions to the Office, whether made by an attorney or a party, including those made in Board proceedings, are made subject to the certification standards of USPTO Rule 11.18(b), 37 C.F.R. 11.18(b). "A practitioner who fails to comply with these PTO standards may receive a suspension or disbarment." *Carter v. ALK Holdings Inc.*, 605 F.3d 1319, 94 USPQ2d 1769, 1773 (Fed. Cir. 2010). Like Fed. R. Civ. P. 11, the USPTO rule does not require a party to specifically recount the results of the inquiry or investigation before filing a pleading, and citing the rule to indicate disagreement on the merits of a claim would be inappropriate.

Deadline for Discovery Conference	2/17/2019
Discovery Opens	2/17/2019
Initial Disclosures Due	3/19/2019
Expert Disclosures Due	7/17/2019
Discovery Closes	8/16/2019
Plaintiff's Pretrial Disclosures Due	9/30/2019
Plaintiff's 30-day Trial Period Ends	11/14/2019
Defendant's Pretrial Disclosures Due	11/29/2019
Defendant's 30-day Trial Period Ends	1/13/2020
Plaintiff's Rebuttal Disclosures Due	1/28/2020
Plaintiff's 15-day Rebuttal Period Ends	2/27/2020
Plaintiff's Opening Brief Due	4/27/2020
Defendant's Brief Due	5/27/2020
Plaintiff's Reply Brief Due	6/11/2020
Request for Oral Hearing (optional) Due	6/21/2020

In each instance, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125. An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129